

Sound Transit's Office of Land Use Planning & Development
Transit Oriented Development Quarterly Status Report – Q2 2019

Background

RCW 81.112.350 requires Sound Transit to provide quarterly reports of any property transfers over the previous fiscal quarter and any progress made in implementing a regional equitable transit oriented development (TOD) strategy for diverse, vibrant, mixed-use and mixed-income communities approved by the voters. These TOD opportunities take place on properties that Sound Transit has acquired for building and operating the voter-approved transit system, but no longer provide a transit use for the agency. The Sound Transit board subsequently declares these properties surplus or available for joint development and deems them either suitable or not-suitable for residential purposes. This report summarizes activities over the second quarter of 2019 to implement the state requirements for using surplus property to facilitate affordable housing and implement the transit-oriented development vision outlined in the ST3 System Plan.

Transfers of Property Q2 2019

Sound Transit did not transfer any property subject to RCW 81.112.350(1)(b) during Q2 2019.

Progress Implementing a Regional Equitable Transit Oriented Development Strategy – Planning Framework

A key aspect of project development has involved advancing station area concept plans as part of evaluation process during the development and screening of alternatives. Sound Transit's Office of Land Use Planning and Development led over two dozen station planning workshops through the second quarter of 2019 with agency, local jurisdiction, and community stakeholders to develop these concepts, supported by early technical analysis on equity, development potential, transit integration, and non-motorized access. Specific milestones realized in Q2 2019 for each ST3 project currently under development include:

- West Seattle and Ballard Link Extension (WSBLE) – informed by conceptual station area planning and other quantitative assessments, two preferred alternatives were identified along with other design options for stations for study in the EIS. Negotiations with City of Seattle on urban design frameworks for station areas that could address co-/joint development opportunities and serve as interim controls until future broader station area planning and rezone action by City.
- Tacoma Dome Link Extension (TDLE) – informed by conceptual station area planning and other quantitative assessment, the project's Stakeholder Advisory Group and Elected Leadership Groups identified recommended preferred alternative along with design options for two key stations. Negotiations with City of Federal Way on station area visioning and urban design framework process to support project decisions and future subarea planning actions by City.
- I-405 and SR 522 Bus Rapid Transit – project refinements complete. Advanced master planning partnering at Kenmore and South Renton to support project decisions and explore larger opportunities for co-development of parking and transit center programs with other uses. Exploring site-specific co-development opportunities at NE 44th (Renton) and Lake Forest Park.

Responding to the priorities outlined in the 2018 Equitable TOD Policy adopted by the Sound Transit Board of Directors, the past year's station planning benchmarks a new approach to thinking about and planning for equitable TOD in project delivery. Staff from the Office of Land Use Planning and Development are embedded in each project team and are charged with leading interdisciplinary work focused on station and station area planning.

Progress Implementing a Regional Equitable Transit Oriented Development Strategy – TOD Projects

Sound Transit staff continues to negotiate and finalize transactions for Sound Transit’s properties in the Roosevelt, First Hill, Capitol Hill, and Beacon Hill neighborhoods and additional detail can be found in the attached TOD Pipeline Table. Additionally, work advanced in Q2 on the following projects:

- Operations and Maintenance Facility East TOD – Sound Transit staff have worked closely with the City of Bellevue to develop goals and priorities for the 6.5+ acre site across from the future Spring District/120th Station. A Developer’s Forum was held in June to familiarize the community with the work to date on the project and contemplation of offering the site under RCW 81.112.350. The Sound Transit Board is expected to take action on considering the site suitable for housing and the offering strategy in July.
- Angle Lake Station TOD sites – a “Request for Information” was released to the development community seeking feedback on potential uses of the property and what developers might consider building on the two surplus properties located at the station. Additional engagement activities started in June and will continue over the summer. An offering strategy is expected to be presented to the Sound Transit Board this fall.
- Rainier Valley Affordable Home Ownership Program – Sound Transit and the Seattle Office of Housing are exploring a potential partnership to facilitate permanently affordable homeownership on many of Sound Transit’s small surplus sites in the Rainier Valley. Up to 22 properties comprising 12 distinct sites are being evaluated for creation of a mix of development options. Staff are working with Rainier Valley communities and other stakeholders to shape this partnership and an equitable engagement process will occur over the summer to make sure that community members are represented and able to affect outcomes. Affordable homeownership on former ST sites supports transit ridership, activates vacant, publicly-owned spaces, and provides stability for communities experiencing an exponential rise in housing prices.

Progress Implementing a Regional Equitable Transit Oriented Development Strategy - Programmatic

Revolving Loan Fund

RCW 81.112.350 (1)(a) states: *“The regional transit authority must contribute at least four million dollars each year for five consecutive years beginning within three years of voter approval of the system plan to a revolving loan fund to support the development of affordable housing opportunities related to equitable transit-oriented development within the boundaries of the regional transit authority.”*

In November 2018, the Sound Transit Board of Director’s Executive Committee confirmed five goals for the revolving loan fund and a process approach for implementation. The goals provide high-level direction on Sound Transit’s vision and expected outcomes for the fund. The process and approach includes the development of a business plan for how Sound Transit can best deploy its \$20 million revolving loan fund contribution to support the development of affordable housing in the Sound Transit district.

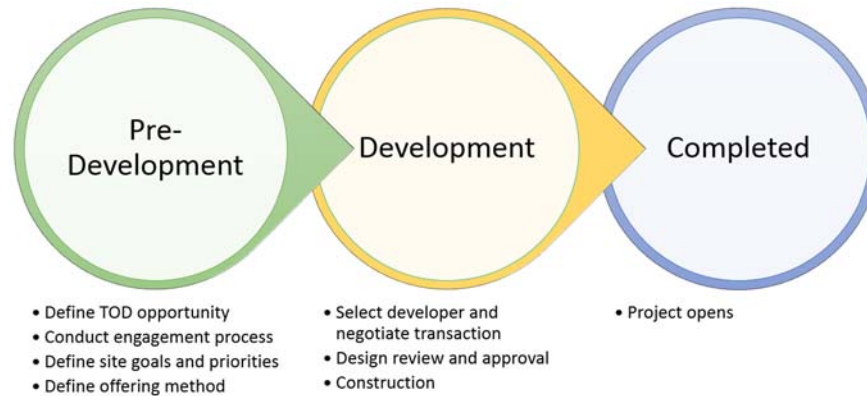
A Request for Proposal (RFP) for Affordable Housing Revolving Loan Fund Business Partner was advertised on April 8, 2019. Sound Transit reviewed all proposals in accordance with the evaluation criteria published within the RFP, and top ranked proposers were invited to interview. The process resulted in the identification of Local Initiatives Support Corporation (LISC) as the highest ranked firm, and they have been invited to enter into negotiations for the contract. The Sound Transit Board is expected to take action on this contract in July.

Sound Transit staff and LISC will work collaboratively through a coordinated plan and approach to create and implement a fund that complements existing equitable transit-oriented development tools and efforts in the

Puget Sound region. In addition, the fund will meet state statute requirements and Sound Transit's goals and policies for the use of the funds. A business plan outlining the program parameters for the RLF will be presented to the Board in first quarter of 2020 for discussion.

Please refer to *Attachment A: Sound Transit - Transit Oriented Development: TOD Pipeline* for site/project specific status.

Sound Transit's 2019 Third Quarter report will be circulated October 15, 2019.



Pre-Development Projects		
Project	Description	Status
Angle Lake Sites	<p>Location: Angle Lake Station, SeaTac</p> <p>Site Area: 34,000 SF (0.77 acres) & 27,500 SF (0.63 acres)</p> <p>Zoning: RBX – Regional Business Mix with an Angle Lake Station Area Overlay District</p> <p>Program: TBD</p>	<p>Staff submitted a lot boundary adjustment with the city in support of the future TOD project. A second TOD site was identified for TOD and declared surplus by the Sound Transit Board in February 2019. Sound Transit is working with the City of SeaTac on identifying mutual goals for the properties and identifying the preferred offering approach. In Q2 2019 a “Request for Information” was released to the development community seeking feedback on potential uses of the property and what might developers consider building on the two surplus properties located at the station. Additional community engagement started in June 2019 and will continue throughout the summer. Staff anticipates returning to the Board to discuss suitability for housing and an offering strategy in Q3 2019.</p>
Rainier Valley Affordable Homeownership Program	<p>Location: Rainier Valley, Seattle</p> <p>Site Area: Approximately 84,000 SF (Nearly 2 acres) across 12 sites/22 parcels</p> <p>Zoning: LR-2/LR-3 Multifamily residential/townhome</p> <p>Program: Anticipate 80-200 Units</p>	<p>Sound Transit is exploring a potential agreement with the City of Seattle’s Office of Housing on an affordable homeownership program on a group of small sites primarily located along Martin Luther King Jr. Way S. in the Rainier Valley, in proximity to the Columbia City, Mount Baker, or Othello light rail stations. Sound Transit is working with the Seattle Office of Housing on a term sheet and initial community engagement process, and expects to bring a draft agreement to the board for approval in Q4 of 2019.</p>

<p>Operations Maintenance Facility: East</p>	<p>Location: Spring District/120th Station, Bellevue Site Area: 282,715 SF (6.5 acres anticipated post construction) Zoning: BR-OR-2 Program: TBD</p>	<p>The City of Bellevue approved the Master Development Plan (MDP) in March 2018, which entitled to TOD site for over 1.1 million square feet of mixed-use, mixed-income development. With the MDP approval, staff are finalizing the OMF East TOD offering process and documentation. The City of Bellevue owns a portion of the TOD site that would be combined with Sound Transit’s property to achieve the +/- 6.5 acre TOD site. Sound Transit and the City of Bellevue are collaborating on the goals for the property and identifying potential affordable housing resources to pre-commit to the offering of the property. A Developer’s Forum was held in June to familiarize the community with the work to date on the project and contemplation of offering the site under RCW 81.112.350. Staff anticipates returning to the Board to discuss a property exchange, surplus, suitability for housing, and an offering strategy in summer 2019. An offering would occur thereafter.</p>
<p>Redmond Technology Station</p>	<p>Location: Redmond Technology Station, Redmond Site Area: 53,000 SF (1.2 acres) Zoning: OBAT Program: Anticipate 60 affordable housing units or ≥\$4million to fund affordable housing project within ½ mile of future ST station in Redmond</p>	<p>Sound Transit received this property in 2002 for constructing and operating a transit center or transit-supportive uses on the property. The transit facilities built on this site are being replaced with new facilities in conjunction with the light rail station under construction. Through the design-build process for Redmond Technology Station, a 1.2 acre TOD site emerged. Sound Transit evaluated the TOD potential of this new opportunity and identified several redevelopment challenges that would need to be addressed to implement a TOD project, primarily property title encumbrances and limited development rights. When the property was transferred to Sound Transit, several permanent title encumbrances were placed on the property, including specific transit use restrictions, reversionary rights, and use approvals held by the previous property owner.</p> <p>In order to resolve the title issues, achieve a TOD outcome, and support equitable development, ST and the City of Redmond are considering a transaction in which ST would transfer the property to the City, including the requirements for affordable housing. If the City sells the property the proceeds would go to an affordable housing project within ½ mile of future light rail station in Redmond. ST and the City could be in a position to bring deal points to the ST Board for consideration in 2019.</p>

Development Projects		
Project	Description	Status
<p>First Hill</p>	<p>Location: Seattle Site Area: 21,000 SF (0.48 acres) Zoning: NC3-P-160 Neighborhood Commercial 3 Program: 13 story high-rise with over 300 units serving populations making 30-60% AMI</p>	<p>Motion M2018-102 was approved in August 2018 and approved key business terms with Bellwether Housing, Inc. and Plymouth Housing Group, Inc. for transaction agreements that will result in the development of a mixed-use, high-rise affordable housing project.</p> <p>A successful project will result in a project that achieves the project vision, as presented in the proposal, and meets or exceeds the key business terms including:</p> <ul style="list-style-type: none"> ➤ A high-rise building with a minimum of 12-stories and at least 250 residential units. ➤ Achieving a high density of affordable housing serving a range of incomes. If more than 308 units of housing are constructed, 100% of the units must be at or below 80% percent of AMI, with a project-wide average AMI of at or below 60% AMI, and at least 250 units serving those earning at or below 60% AMI including at least 80 units serving those at or below 30% AMI. If fewer than 308 units of housing are constructed, 100% of the units must be at or below 60% of AMI and at least 80 units shall serve those eraning at or below 30% of AMI. ➤ At least 8% of units shall be sized for families (2 and 3 bedroom units) ➤ The street-level program will have a minimum of 4,000 SF of non-residential uses, such as retail, that serve the general public ➤ The project will be designed to meet the WA State Evergreen Standard ➤ A maximum of 20 parking stalls will be built as a part of the project <p>In order for Sound Transit to transfer the First Hill property at no cost, the final project must meet or exceed the key business terms approved by the Board. The transaction agreement is anticipated to be executed with the developer in Q3 2019. The Seattle Office of Housing has pre-committed funds from its 2019 fall round to this project, the Bellwether side of the project has secured County funding, private fundraising efforts will go in part to this project, and the developers will continue in 2019 to secure local and state affordable housing funding, which is necessary to achieve the project elements.</p>

<p>Roosevelt Central Site</p>	<p>Location: Roosevelt Station, Seattle Site Area: 53,000 SF (1.2 acres) Zoning: NC3-P-85 Neighborhood Commercial 3 Program: 230-250 Affordable Units (target of 60% AMI and below)</p>	<p>The Sound Transit Board of Directors approved key business terms and delegated authority to the CEO to execute transaction agreements with the joint venture of Bellwether Housing, Inc. and Mercy Housing Northwest at its June 2018 Board meeting. The project transaction was subsequently submitted into the FTA Joint Development program in July 2018 and approved in October 2018, allowing Sound Transit to finalize and then execute transaction agreements with the developer. Sound Transit is in the final stages of negotiating the terms of the Joint Development Agreement with the developer, and expects to execute the agreement in Q3 2019.</p> <p>Highlights of the key business terms include:</p> <ul style="list-style-type: none"> • At least 230 housing units • 100 percent of the housing units affordable long-term to those earning <i>at or below</i> 60 percent of area median income (AMI), with at least 20 percent of the units affordable to those earning <i>below</i> 60 percent AMI • At least 20 percent of the units sized for larger families (2 and 3 bedroom units) • At least 12,000 square feet of street-level commercial space • A discounted land sale price of \$6.75 million
<p>Capitol Hill Sites A, B-North, B-South & C</p>	<p>Location: Capitol Hill Station, Seattle Developer: Gerding Edlen & Capitol Hill Housing Program: 428 Mixed-income units (176 Affordable Units, 252 Market Rate Units); 30,000 SF retail Site Area: 105,890 SF (2.43 acres)</p>	<p>Three 99-year ground leases (Sites A, B-South, and C) closed on June 20, 2018 and the contractor broke ground on June 21, 2018. Site B-north, anticipated to provide 110 long-term affordable homes at or below 60% of AMI closed and commenced construction in October 2018. The entire development is anticipated to open in second quarter of 2020.</p>

<p>Capitol Hill Site D</p>	<p>Location: Capitol Hill Station, Seattle Site Area: 10,383 SF (0.24 acres) Zoning: NC3-P-40 Neighborhood Commercial 3 (Development Agreement between ST and City of Seattle allows height up to 85ft) Program: 70-80 Affordable Units and street-level retail on Atlas Site; college expansion on Site D</p>	<p>Motion M2018-103, approved by the Board in August 2018, approved the key business terms of a four party property exchange with Seattle Central College (SCC), the State Board for Community and Technical Colleges (SBCTC), and Capitol Hill Housing Improvement Program to exchange property in order to develop equitable transit-oriented development in the Capitol Hill Station Area. ST granted SCC a right of first refusal in 2011 for Site D. SCC and SBCTC approached ST about exchanging Site D for two contiguous parcels nearby that SCC owns (the "Atlas Site").</p> <p>Developing affordable housing on the Atlas properties would result in the creation of approximately 34 additional affordable units beyond what could be accomplished on Site D.</p> <p>Site D, as developed by SCC, would be incorporated into an adjacent SCC-owned parcel and redeveloped as a primary entrance to the college and is anticipated to include additional classrooms, student services, bookstore, and faculty space. The SCC project would better connect students and faculty to Capitol Hill Station and support additional ridership as the college continues its growth.</p>
<p>Beacon Hill Small Parcel</p>	<p>Location: Beacon Hill Station, Seattle Site Area: 2,256 SF (0.05 acre) Zoning: NC2P-65 Neighborhood Commercial 2 Program: 125+ housing units on ST-owned and adjacent private property, including at least 20% of the units affordable</p>	<p>ST received an unsolicited proposal to purchase a small portion of ST property adjacent the Beacon Hill station from Pacific Housing NW, a local developer who had recently acquired the adjacent private property for a TOD project. ST advertised the receipt of the unsolicited proposal and offered the opportunity for other proposals to be submitted, with priority given to any proposals from non-profit developers, housing authorities or local jurisdictions, per RCW 81.112.350. No additional proposals were submitted and ST advanced negotiations and preliminary review of the proposed project with the developer. Key business terms with the developer were approved by the Sound Transit Board in December 2018.</p>

		<p>Highlights of the key business terms include:</p> <ul style="list-style-type: none"> • At least 125 housing units on the combined site, of which at least 20% will be affordable through the City of Seattle’s Multi-Family Tax Exemption program • The creation of a public plaza that the developer maintains along Lander Street, which is a festival street • A land sale price of \$260,000, which is the appraised fair market value of the property
Completed Projects		
Project	Description	Status
Senior City	<p>Location: Federal Way Transit Center, Federal Way</p> <p>Developer: Korean Women’s Association</p> <p>Program: 62 Affordable Units (Senior – 1BR); 3,125 SF common room</p> <p>Site Area: 30,834 SF (0.71 acres)</p> <p>Project Cost: \$16.9 million</p>	Opened in 2010
Mount Baker Lofts	<p>Location: Mount Baker Station, Seattle</p> <p>Developer: Artspace USA</p> <p>Program: 57 Affordable Units (Artist’s Studio); 10,000 SF retail (12 bays)</p> <p>Site Area: 23,064 (0.53 acres)</p> <p>Project Cost: \$18 million</p>	Opened in 2014
Othello Plaza	<p>Location: Othello Station, Seattle</p> <p>Developer: Mercy Housing Northwest</p> <p>Program: 108 Affordable Units (1-3 BR @ 30% - 80% AMI); 7,450 SF retail</p> <p>Site Area: 31,870 (0.73 acres)</p> <p>Cost: \$29.8 million</p>	Opened in 2017

Future / Potential Sites: these sites are either currently in the TOD Strategic Plan and not yet moved to market or are anticipated to become TOD sites for projects in design. Please note, any site identified as “potential” could change as a result of design modifications or project needs.

Sites	Corridor	Approximate Timing to move into Pre-Development
U District Station – 45 th & Roosevelt Way site	Central	2019
Mount Baker Station – TOD sites	Central	2020
Roosevelt Station – North and South TOD sites	Central	2019
Kent-Des Moines Station – Potential Surplus Property	South	2019/2020
Pine Street Triangle – TOD site	Central	2019/2020
Rainier Beach TOD	Central	2020
Southeast Redmond Station – Potential Surplus Property	East	2020
Airport “Kiss & Ride”	South	TBD
Northgate Station – Potential TOD site	Central	TBD
Overlake Village Station – TOD site	East	TBD
Federal Way Transit Center – Potential Surplus Property	South	TBD